

299 - INTEGRATED WASTE MANAGEMENT DEPARTMENT ENTERPRISE

Operational Summary

Mission:

To meet the solid waste disposal needs of Orange County through efficient operations, sound environmental practices, strategic planning, innovation and technology.

Strategic Goals:

- Maintain a competitive rate for waste disposal in Orange County.
- Protect water, air and habitat in the management of the Orange County disposal system.
- Financially support the County of Orange's bankruptcy recovery plan.

Key Outcome Indicators:

Performance Measure	2005 Business Plan Results	2006 Business Plan Target	How are we doing?
DISPOSAL FEE COMPARISON WITHIN SOUTHERN CALIFORNIA REGION. What: Comparison of disposal rate of the OC landfill system compared with other landfills in the region. Why: To ensure that Orange County residents are provided a competitive disposal rate.	The \$22 per ton is a contracted rate that is anticipated to stay in effect until 2010.	Evaluate disposal rates and adjust operating strategies to ensure IWMD's rates remain competitive.	IWMD's rates are currently the lowest within the Southern California region.
NUMBER OF YEARS OF REMAINING LANDFILL CAPACITY. What: Measures if Orange County meets state minimum standard of providing 15 years of landfill capacity. Why: To ensure that Orange County residents are provided with adequate landfill capacity.	To maintain 25-30 years of permitted landfill disposal capacity.	Perform remaining landfill capacity calculations and compare results against the state minimum standard of fifteen years' capacity to ensure adequate capacity.	IWMD has more than adequate capacity to fulfill requirement.
TOTAL VOLUME OF LEACHATE AND IMPACTED GROUND WATER COLLECTED THROUGH THE LEACHATE RECOVERY SYSTEM. What: Measure the amount of leachate and ground water collected. Why: To protect water quality from the effects of leachate. Mandated by law.	The total volume of leachate and impacted ground water to be collected through the leachate collection and recovery system during FY 05-06 is estimated to be at least 3,713,480 gallons.	Continue to install landfill liner systems, and optimize leachate and groundwater collection for water quality protection.	IWMD currently has collection and recovery systems in place at each landfill to collect leachate and impacted ground water.

At a Glance:

Total FY 2005-2006 Actual Expenditure + Encumbrance:	73,237,386
Total Final FY 2006-2007	150,466,956
Percent of County General Fund:	N/A
Total Employees:	275.00

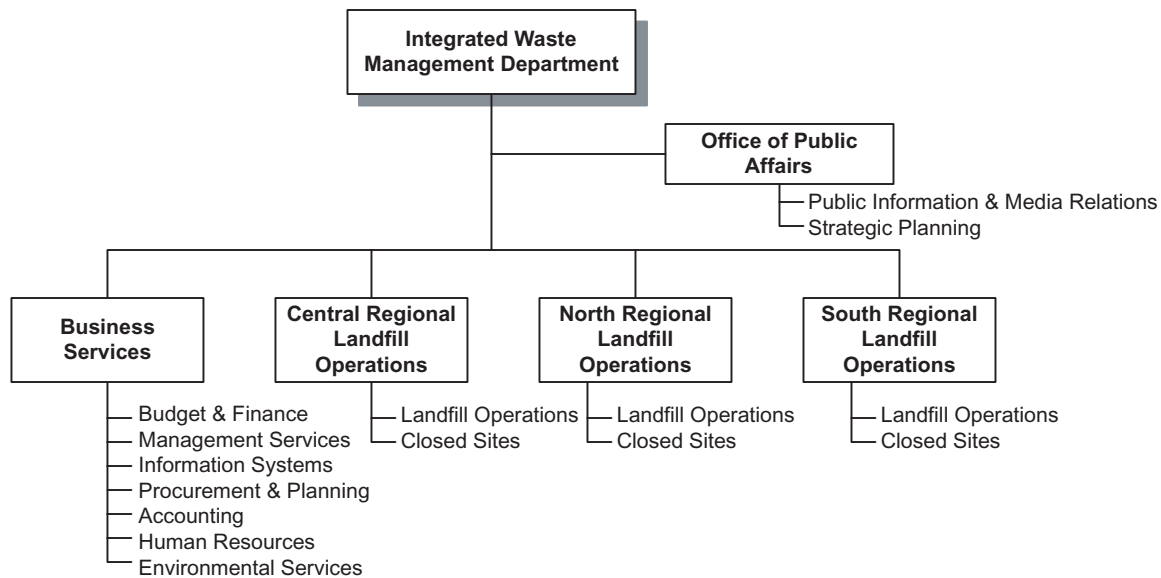
Key Outcome Indicators: (Continued)

Performance Measure	2005 Business Plan	2006 Business Plan	How are we doing?
	Results	Target	
AMOUNT OF LANDFILL GAS COLLECTED AND PUT TO BENEFICIAL REUSE. What: Collection of landfill gas and put to beneficial reuse that would have emitted into the atmosphere. Why: To protect the air from the effects of landfill gas. Regulations require landfill gas management.	The total volume of landfill gas collected and put to beneficial reuse is estimated to be at least 5,346 million standard cubic feet.	Expand landfill gas collection systems. Collect landfill gas - put to beneficial use and for protection of air quality.	Currently, IWMD has operational Landfill Gas-to-Energy systems at Olinda Alpha and Prima Deshecha Landfills. Development of a system at Frank R. Bowerman Landfill is currently under negotiation.
NUMBER OF HABITAT ACRES CURRENTLY UNDER RESTORATION / MITIGATION. What: Measures the number of landfill acres under restoration to recreate natural habitats. Why: To comply with the Natural Community Conservation Program (NCCP) and protect habitat.	Frank R. Bowerman Landfill: Increased native plant coverage at mitigation sites. Decreased exotic weed population. Prima Deshecha Landfill: Three acres of coastal sage scrub and 0.5 acres of riparian vegetation were installed within the preliminary pre-mitigation area, north of Site B.	Continue to implement adaptive management strategies, and continue the proposed pre-mitigation project within the habitat areas.	Frank R Bowerman Landfill: Mitigation sites are benefiting from their third year under the new weed abatement program. Prima Deshecha Landfill: Through concerted efforts with other entities, it can potentially play a key role in the regional environmental planning due to its habitat management plan.
NET IMPORTATION REVENUE AMOUNT TRANSFERRED TO THE COUNTY GENERAL FUND PER YEAR. What: Revenue transferred to the County General Fund from imported waste. Why: To support the County's Bankruptcy Recovery Plan.	IWMD anticipates transferring \$12.8* million to the General Fund in FY 05/06. Based on actual amount of tonnage received. (*This does not include prior year net proceed calculation adjustment.)	The Department target for FY 06/07 is to provide the maximum transfer of funds in support of bankruptcy obligations.	As of 3/31/06 \$125,380,809 or an average of \$12,859,570 per year has been transferred to the General Fund. IWMD secured additional tonnage commitments that guarantee a minimum of 867,000 tons per year of imported waste through December 31, 2013.

FY 2005-06 Key Project Accomplishments:

- IWMD received an unqualified financial audit opinion indicating accurate representation, confirmation that IWMD continues to be financially responsible in performing public service.
- Worked cooperatively with the Resource and Development Management Department (RDMD), and the Resource Agencies on planning to extend La Pata Road through the Prima Deshecha Landfill into San Clemente.
- Continued negotiating with the City of Brea regarding the Olinda Alpha Landfill expansion as part of the County's long-term strategic plan.
- Formed the Habitat Management Plan Task Force to identify areas where enhanced habitat management can benefit the environment, and to address complex regulatory requirements for continued operation of the Frank R. Bowerman Landfill.
- Successful certification of the Santiago Landfill Closure project and release of all escrow funds(\$13 million) to Enterprise Operating Fund 299.
- Enhanced network security by establishing regularly scheduled Microsoft software patch updates, protecting IWMD systems from malicious virus attacks and Spam.
- Implemented Kofax, an automated Optical Mark Recognition (OMR) system, used to process Household Hazardous Waste data collection cards more efficiently, eliminating staff data entry requirements and reducing costs.
- Phase II of the Landfill Information Systems Technology Study (LISTS) introduced radio frequency technology and transponders to selected deferred-account customers for which one unattended lane has been implemented, to date, at the Frank R. Bowerman Landfill.

Organizational Summary



Business Services - Conducts Department accounting, budget, finance, and procurement activities; implements and maintains Department information systems; manages human resources needs of the Department; and provides various general support services; oversees regulatory compliance issues; administers Waste Disposal Agreements; manages contracts for solid waste services in the unincorporated areas; coordinates the operations of regional Household Hazardous Waste Collection Centers; coordinates with the cities in the administration of the County Integrated Waste Management Plan.

Central Regional Landfill Operations - Operates and manages daily activities at the Frank R. Bowerman Landfill which accepts and disposes of residential, commercial and industrial non-hazardous waste; manages and maintains various closed landfill sites.

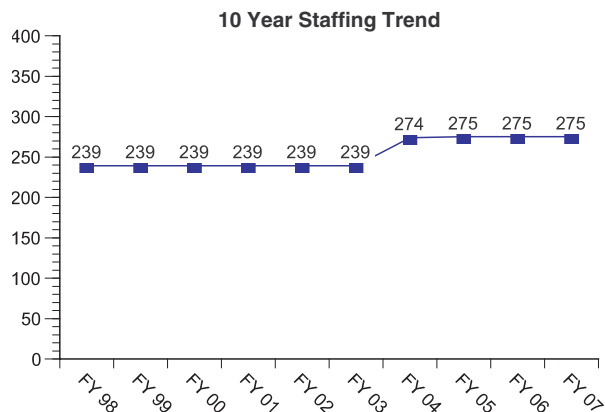
North Regional Landfill Operations - Operates and manages daily activities at the Olinda Alpha Landfill which accepts and disposes of residential, commercial and industrial non-hazardous waste; manages and maintains various closed landfill sites.

South Regional Landfill Operations - Operates and manages daily activities at the Prima Deshecha Landfill which accepts and disposes of residential, commercial and industrial non-hazardous waste; manages and maintains various closed landfill sites.

Office of Public Affairs - Facilitates long-range planning; identifies, analyzes and manages liability matters related to IWMD solid waste operations; develops strategies for resolving legal issues; conducts negotiations with developers, municipalities and property owners; conducts community and media relations.

IWMD Director - Directs the administrative management activities of the Department to accomplish Department goals and strategic priorities.

Ten Year Staffing Trend:



Ten Year Staffing Trend Highlights:

- In FY 03/04, 35 positions were converted from extra-help to regular positions due to expansion of the landfills, increased regulations and increasing habitat mitigation requirements. In FY 04/05 one regular position

was added to perform the records management function. In FY 05/06 and FY 06/07, no positions were requested.

Budget Summary

Plan for Support of the County's Strategic Priorities:

The Department will continue to provide available landfill capacity as needed for importation of waste and transfer net importation revenue to the General Fund for bankruptcy related obligations.

Changes Included in the Base Budget:

Operating costs increased by \$25.6 million due to increased professional services costs, take acreage purchases, capital equipment costs and new capital projects.

Final Budget History:

Sources and Uses	FY 2004-2005	FY 2005-2006	FY 2005-2006	FY 2006-2007	Change from FY 2005-2006	
	Actual Exp/Rev	Budget As of 6/30/06	Actual Exp/Rev ⁽¹⁾ As of 6/30/06	Final Budget	Actual Amount	Percent
Total Positions	275	275	275	275	0	0.00
Total Revenues	159,029,270	159,487,056	163,479,905	150,466,956	(3,372,544)	-2.19
Total Requirements	116,380,127	131,038,198	107,160,511	150,466,956	43,306,445	40.41
Balance	42,649,143	28,448,858	56,319,394	0	(46,678,989)	-100.00

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2005-06 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Integrated Waste Management Department Enterprise in the Appendix on page A233

Highlights of Key Trends:

- IWMD continues to support the County General Fund in FY 06/07 with an estimated transfer of \$12.7 million for bankruptcy recovery debt obligations.
- IWMD continues in its development of its Succession Planning Program, grooming of its employees at all levels to become leaders in their fields. Investment in the employees of today for IWMD's future leadership of tomorrow.
- IWMD continues its use of the Computer Aided Earth Moving System (CAES) in heavy equipment at County Landfills. This satellite-based system facilitates more accurate and efficient landfill operations that preserve valuable landfill capacity.
- IWMD Strategic Planning is the Regional Landfill Options for Orange County (RELOOC) project that will look beyond current capacity and plan for future disposal needs of the County.

- IWMD continues to work on the Landfill Information Systems Technology Study (LISTS), implementing new and additional unattended fee collection lanes and improved landfill gas and water monitoring systems.

Budget Units Under Agency Control:

No.	Agency Name	Business Services	Central Regional Landfill Operations	North Regional Landfill Operations	South Regional Landfill Operations	Office of Public Affairs	IWMD Director	Total
274	IWMD Corrective Action Escrow	57,300	0	0	0	0	0	57,300
275	IWMD - Environmental Reserve	9,741,345	0	0	0	0	0	9,741,345
277	IWMD - Rate Stabilization	3,146,000	0	0	0	0	0	3,146,000
279	IWMD - Landfill Post-Closure Maintenance	11,792,653	0	0	0	0	0	11,792,653
284	Frank R. Bowerman/ Bee Canyon Landfill Escrow	4,199,332	0	0	0	0	0	4,199,332
285	IWMD Bankruptcy Recovery Plan	21,663,356	0	0	0	0	0	21,663,356
286	Brea-Olinda Landfill Escrow	6,053,773	0	0	0	0	0	6,053,773
287	Prima Deshecha Landfill Escrow	2,510,495	0	0	0	0	0	2,510,495
299	Integrated Waste Management Department Enterprise	66,083,464	29,684,578	25,733,209	25,556,742	3,083,818	325,145	150,466,956
	Total	125,247,718	29,684,578	25,733,209	25,556,742	3,083,818	325,145	209,631,210

299 - Integrated Waste Management Department Enterprise

Operation of Enterprise Fund 299 Operational Statement for the Fiscal Year 2006-2007

Operating Detail		FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2006-2007
		Actual	Actual	Proposed Budget	Final Budget
(1)		(2)	(3)	(4)	(5)
OPERATING REVENUE					
6460	Other Licenses and Permits	483	1,484	483	483
6470	Franchises	39,855	63,886	70,000	70,000
6620	Rents and Concessions	600	600	600	600
6630	Royalties	633,456	407,769	150,000	150,000
7380	Planning and Engineering Services	0	40	0	0
7520	Sanitation Services	90,780,464	90,180,212	85,144,224	85,144,224
7590	Other Charges for Services	144,734	236,659	80,000	80,000
7662	Other Sales - Non-Taxable - Resale	39,849	30,424	33,000	33,000
7670	Miscellaneous Revenue	70,531	560,669	28,500	28,500
Total Operating Revenue		91,709,972	91,481,743	85,506,807	85,506,807
OPERATING EXPENSES					
Salaries & Benefits					
0100	Salaries and Wages	(400)	(438,036)	0	0
0101	Regular Salaries	13,437,747	13,353,597	14,079,694	14,079,694
0102	Extra Help	106,523	35,259	106,611	106,611
0103	Overtime	758,898	825,891	785,500	785,500
0104	Annual Leave Payoffs	104,610	290,501	317,038	317,038
0105	Vacation Payoff	26,021	86,827	63,857	63,857
0106	Sick Leave Payoff	171,108	311,408	82,342	82,342
0110	Performance Incentive Pay	60,489	1,333	49,429	49,429
0111	Other Pay	67,184	63,437	29,904	29,904
0200	Retirement	1,841,665	2,105,318	3,263,199	3,263,199
0202	Early Retirement	(35,591)	0	0	0
0204	County Paid Executive Deferred Compensation Plan	3,951	5,884	6,518	6,518
0301	Unemployment Insurance	(23,362)	22,428	16,937	16,937
0305	Salary Continuance Insurance	14,652	14,141	14,198	14,198
0306	Health Insurance	1,810,405	1,693,341	1,886,784	1,886,784
0308	Dental Insurance	29,342	27,671	28,620	28,620
0309	Life Insurance	6,483	5,859	6,012	6,012
0310	Accidental Death and Dismemberment Insurance	1,149	1,068	1,128	1,128
0319	Other Insurance	127,627	126,370	138,504	138,504
0352	Workers Compensation - General	1,373,364	1,328,832	1,024,767	1,024,767

Operation of Enterprise Fund 299

Operational Statement for the Fiscal Year 2006-2007

Operating Detail		FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2006-2007
		Actual	Actual	Proposed Budget	Final Budget
(1)	(2)	(3)	(4)	(5)	
0401	Medicare	149,688	154,354	159,653	159,653
Total Salaries & Benefits		20,031,553	20,015,484	22,060,695	22,060,695
Services & Supplies					
0600	Clothing and Personal Supplies	58,815	54,634	95,300	95,300
0700	Communications	25,005	42,849	99,118	99,118
0701	Telephone/Telegraph - Interfund Transfer	137,993	123,263	158,600	158,600
0900	Food	0	0	400	400
1000	Household Expense	36,304	40,502	66,725	66,725
1001	Household Expense - Trash	10,849	12,654	15,200	15,200
1100	Insurance	186,214	5,219,296	328,961	328,961
1300	Maintenance - Equipment	7,288,307	7,683,772	8,473,929	8,473,929
1302	Parts Not Direct Billed to Customer	0	861	0	0
1400	Maintenance - Buildings and Improvements	3,117,288	2,405,833	4,917,435	4,917,435
1402	Minor Alterations and Improvements	14,194	834	20,000	20,000
1500	Medical, Dental and Laboratory Supplies	3,233	675	6,000	6,000
1600	Memberships	1,544	4,857	3,540	3,540
1700	Miscellaneous Expense	9,070	0	0	0
1701	Cash Difference	1,201	950	1,500	1,500
1702	Cash Losses	0	300	50	50
1800	Office Expense	344,063	505,731	646,623	646,623
1801	Duplicating Services (RDMD/Reprographics)	18,464	32,155	14,680	14,680
1802	Periodicals and Journals	2,427	2,445	740	740
1803	Postage	10,000	5,000	11,200	11,200
1805	Purchasing Stores Office Supplies	280	0	5,000	5,000
1806	Printing Costs - Outside Vendors	1,553	7,648	36,370	36,370
1809	Minor Office Equipment to be Controlled	1,085	12,613	0	0
1900	Professional and Specialized Services	11,174,997	14,491,620	26,369,871	26,369,871
1901	Data Processing Services	0	275	165,000	165,000
1908	Temporary Help	153,188	157,247	89,372	89,372
1909	Contracts	647,911	(647,911)	0	0
1911	CWCAP Charges	645,565	776,198	900,000	900,000
2000	Publications and Legal Notices	17,894	10,217	23,500	23,500
2100	Rents and Leases - Equipment	188,427	299,757	657,700	657,700
2200	Rents and Leases - Buildings and Improvements	478,053	477,268	1,108,800	1,108,800
2300	Small Tools and Instruments	92,687	90,153	123,741	123,741
2400	Special Departmental Expense	1,906,353	1,076,949	6,547,535	6,547,535
2405	Optional Benefit Plan	99,875	95,590	95,508	95,508
2490	Landfill Closure/Postclosure Costs	(2,600,703)	(10,590,866)	0	0
2600	Transportation and Travel - General	2,272,578	2,911,105	2,805,000	2,805,000
2601	Private Auto Mileage	20,854	32,214	29,700	29,700

Operation of Enterprise Fund 299 Operational Statement for the Fiscal Year 2006-2007

Operating Detail		FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2006-2007
		Actual	Actual	Proposed Budget	Final Budget
(1)	(2)	(3)	(4)	(5)	
2602	Garage Expense	322,320	407,750	375,460	375,460
2603	Executive Car Allowance	7,200	7,200	7,200	7,200
2700	Transportation and Travel - Meetings/ Conferences	65,772	69,452	169,978	169,978
2800	Utilities	7,280	803	45,800	45,800
2801	Utilities - Purchased Electricity	153,693	182,081	235,190	235,190
2802	Utilities - Purchased Gas	23,356	21,542	31,650	31,650
2803	Utilities - Purchased Water	56,458	76,570	224,600	224,600
Total Services & Supplies		27,001,648	26,102,088	54,906,976	54,906,976
Fixed Assets					
4000	Equipment	0	0	11,772,171	11,772,171
4200	Buildings and Improvements	0	0	14,510,000	14,510,000
Total Fixed Assets		0	0	26,282,171	26,282,171
Miscellaneous					
5300	Depreciation	11,272,517	13,031,044	13,500,000	13,500,000
Total Miscellaneous		11,272,517	13,031,044	13,500,000	13,500,000
Total Operating Expenses		58,305,718	59,148,616	116,749,842	116,749,842
Net Operating Income (Loss)*		33,404,254	32,333,127	(31,243,035)	(31,243,035)
NON-OPERATING REVENUE					
6530	Forfeitures and Penalties	13,328	13,962	20,000	20,000
6610	Interest	3,704,232	6,574,003	5,400,000	5,400,000
6970	State - Other	61,438	32,087	25,000	25,000
7130	Other Governmental Agencies	716	(2,072)	1,000	1,000
7680	Six-Month Expired (Outlawed) Checks	786	0	800	800
7690	Returned Check Charges	5,158	5,359	6,500	6,500
7852	Fixed Asset Sales - Non-Taxable - Resale	0	0	35,000	35,000
Total Non-Operating Revenue		3,785,658	6,623,339	5,488,300	5,488,300
NON-OPERATING EXPENSES					
1912	Investment Administrative Fees	127,314	137,117	252,625	252,625
3300	Interest on Bonds	3,334,818	3,067,727	2,440,625	2,440,625
3410	Debt Issuance Costs	115,244	106,393	120,000	120,000
3700	Taxes and Assessments	5,744,443	5,676,969	5,590,769	5,590,769
5400	Loss or Gain on Disposition of Assets	88,814	399,395	85,000	85,000
Total Non-Operating Expenses		9,410,633	9,387,602	8,489,019	8,489,019
Net Non-Operating Income (Loss)		(5,624,975)	(2,764,262)	(3,000,719)	(3,000,719)
Income (Loss) Before Contributions & Transfers		27,779,279	29,568,864	(34,243,754)	(34,243,754)



Operation of Enterprise Fund 299

Operational Statement for the Fiscal Year 2006-2007

Operating Detail		FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2006-2007
(1)		Actual	Actual	Proposed Budget	Final Budget
(2)		(3)	(4)	(5)	
CAPITAL ASSETS					
4000	Equipment	2,119,099	7,940,029	11,772,171	11,772,171
4200	Buildings and Improvements				
<u>North Regional Landfill Operations</u>					
	P559 Flare (Construction)	93,017	13,422	0	0
	P561 Brea Soil Removal Project	0	0	9,000,000	9,000,000
	P562 Olinda AbvGrnd Diesel StrgTank	0	0	150,000	150,000
	P569 Olinda Gas Collection and Control	605,279	149,954	0	0
	P573 Olinda Lower East Drainage Channel Construction	1,300,566	14,206	0	0
	P575 Olinda Main Access Road Ext/Improvement	0	739,703	0	0
<u>South Regional Landfill Operations</u>					
	P585 Prima Horizontal Gas Collection Pipe	168,173	61,500	150,000	150,000
	P586 Prima ZN 1 PHC3 Masexc-Grndwtr	0	0	3,800,000	3,800,000
	P587 Prima Instal Portable Trkscale	0	0	200,000	200,000
	P589 Prima Constr Admin/Crwqtrs	0	0	100,000	100,000
	P810 Prima-Fee Booth Replacement	202,307	37,099	0	0
	P820 Prima Zn1 Ph B1/A2 & DesiltBasin	0	6,224,157	0	0
	P831 Prima- Fee Booth Water Line Replacement	10,087	0	0	0
	P991 Prima Access Road Grading/Repair	82,526	(6,055)	0	0
	P992 Prima Zone 1 & 4 Permits/Design/MP Update	390,944	408,630	0	0
	P993 Prima Zone 1 CM/CQA/A/P Services	143,291	569,630	0	0
<u>Central Regional Landfill Operations</u>					
	P001 FRB-Archeo Paleo	42,301	39,480	0	0
	P884 FRB Potable Water System Improvements	0	0	450,000	450,000
	P885 FRB Hder Install North Of PH7B	0	0	600,000	600,000
	P887 FRB CM,CQA,ES Svcs-Ph8 Forward	0	151,258	0	0
	P888 FRB Ph8 Landslide Backcut Design	0	127,457	0	0
	P941 Office Traffic Improvement	103,689	0	0	0
	P944 FRB Phase V-D CM/CQA	64,970	0	0	0
	P949 FRB-Phase 7B Construction Follow-up	8,148,653	3,404,999	0	0
	P950 FRB-Westface Rd Realign-Repair/Extend	351,561	0	0	0
	P967 FRB Gas Lease Agreement	38,068	0	60,000	60,000
	P998 FRB Phase VIIA Construction	2,534,811	1,155,995	0	0
	P999 FRB CM/CQA/ES Services	1,217,023	442,892	0	0
	Total Buildings and Improvements	15,497,266	13,534,327	14,510,000	14,510,000
	Total Capital Assets	17,616,365	21,474,356	26,282,171	26,282,171

Operation of Enterprise Fund 299

Operational Statement for the Fiscal Year 2006-2007

Operating Detail		FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2006-2007
		Actual	Actual	Proposed Budget	Final Budget
(1)		(2)	(3)	(4)	(5)
STATEMENT OF CHANGES IN NET ASSETS - UNRESTRICTED					
Income (Loss) Before Contributions & Transfers		27,779,279	29,568,864	(34,243,754)	(34,243,754)
7812	Interfund Transfers In - from Funds 2AA-299	15,056,543	13,085,275	4,164,555	4,164,555
4802	Interfund Transfers Out - to Funds 2AA-299	(16,948,035)	(12,714,256)	(14,982,945)	(14,982,945)
Changes to Reserves - Encumbrance - (Inc)/Dec.		(471,063)	9,640,404	0	0
Changes to Reserves - Net Assets - Reserved (Inc)/Dec.		(21,551,278)	(14,180,409)	(80,150)	(80,150)
Changes to Reserves - Net Assets, Invested in Capital Assets, Net of Related Debt (Inc)/Dec.		(10,164,463)	(11,729,629)	(10,165,000)	(10,165,000)
Increase (Decrease) in Net Assets - Unrestricted		(6,299,017)	13,670,249	(55,307,294)	(55,307,294)
Net Assets - Unrestricted - Beginning of Year		48,948,162	42,649,145	55,307,294	55,307,294
Net Assets - Unrestricted - End of Year		42,649,145	56,319,393	0	0

*Note - Net Operating Loss is overstated in the 2006-07 Proposed and Approved Budget columns due to budgeted fixed asset expenditures that will be capitalized at year-end.